

## Message Text

UNCLASSIFIED

PAGE 01 TOKYO 11938 300951Z  
ACTION XMB-04

INFO OCT-01 EA-12 ISO-00 EB-08 COME-00 TRSE-00 OMB-01  
CIAE-00 INR-10 NSAE-00 /036 W  
-----104700 300955Z /21

P 300830Z JUN 78  
FM AMEMBASSY TOKYO  
TO SECSTATE WASHDC PRIORITY 9222  
INFO AMEMBASSY SEOUL PRIORITY

UNCLAS TOKYO 11938

PASS EXPORT-IMPORT BANK

E.O. 11652: N/A  
TAGS: EFIN, JA, K5  
SUBJECT: KECO'S SEOHAE THERMAL POWER PROJECT - EXIMBANK  
PRELIMINARY COMMITMENT NO 78-0-4156

REF: STATE 160637

1. SINCE EXIM IS AWARE IN GENERAL TERMS THAT NY NUMBER OF TECHNIQUES MAY BE USED TO DEAL WITH FOREIGN EXCHANGE RISK, WE WILL CONFINE GENERAL PART OF OUR RESPONSE TO QUESTION POSED REFTEL TO WHAT MAY BE SOME RELEVANT PECULIARITIES OF JAPANESE SYSTEM. WE HAVE BEEN TOLD, FOR EXAMPLE, THAT IN THE CASE OF OVERSEAS CONSTRUCTION PROJECTS, JAPANESE MANUFACTURERS GENERALLY TRY TO AVOID TAKING FOREIGN EXCHANGE RISKS AND SEEK TO PASS RISK ON TO TRADING COMPANIES, WHICH ARE GENERALLY MORE EXPERIENCED IN THIS AREA. WE ARE ALSO TOLD THAT COMMERCIAL ENTERPRISES HAVE GENERALLY FOUND DIFFICULTY IN -- HAVE NOT GONE VERY FAR IN THE DIRECTION OF -- MATCHING DOLLAR LIABILITIES TO DOLLAR CLAIMS. THIS DOES NOT SURPRISE US, GIVEN THE STILL NUMEROUS CONTROLS OVER CAPITAL TRANSACTIONS.

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3. AS FAR AS JAPANESE BID ON SEOHAE PROJECT IS CONCERNED, WE HAVE BEEN TOLD BY HITACHI THAT MARUBENI CORPORATION HAS BEEN HANDLING THE NEGOTIATION OF THE SEOHAE PROJECT, INCLUDING FINANCING ARRANGEMENTS. MARUBENI WAS UNWILLING TO PROVIDE INFORMATION CONCERNING THESE ARRANGEMENTS, MAINTAINING THAT THE BERN UNION CONSTITUTES THE APPROPRIATE CHANNEL FOR INQUIRIES OF THIS NATURE. MARUBENI DID

HOWEVER CONCEDE INVOLVEMENT OF JAPAN EXPORT-IMPORT BANK IN THE PROJECT BID.

4. IN RESPONSE TO OUR INFORMAL PROBING AS TO WHETHER OFFICIAL INVOLVEMENT INCLUDED EXCHANGE RATE PROTECTION, MITI OFFICIALS SAID THAT JAPAN DOES NOT PROVIDE OFFICIAL DOLLAR FINANCING FOR EXPORTS. THEY ALSO TOLD US THAT THEY HAD NOT RPT NOT BEEN APPROACHED BY ANY OF THE COMPANIES INVOLVED (HITACHI, FUJI DENKI AND MARUBENI) FOR EXCHANGE RATE INSURANCE FOR THE SEOHAEI PROJECT. AGAIN THIS IS NOT TOO SURPRISING, SINCE WE HAVE BEEN TOLD ON MORE THAN ONE OCCASION THAT JAPAN'S EXCHANGE RATE INSURANCE SCHEME IS NOT POPULAR. MANSFIELD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GEOTHERMAL ENERGY, LOANS, DEVELOPMENT PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
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**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Number:** 1978TOKYO11938  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Subject:** KECO\S SEOHAE THERMAL POWER PROJECT - EXIMBANK PRELIMINARY COMMITMENT NO 78-0-4156  
**TAGS:** EFIN, JA, XMB  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
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**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014